Minute No. 718
Report - Standing Policy Committee on Property and Development - October 5, 2004

Item No. 17 **Adoption of the Planning, Development and Building Fees By-law (previously known as The Development Fees By-law No. 6965/97) File EP-1**

COUNCIL DECISION:

Council concurred in the recommendation of the Standing Policy Committee on Property and Development and adopted the following:

1. That the proposed Planning, Development and Building Fees By-law which incorporates a service index method of calculating fees be adopted.

2. That the planning, development and building fees and charges contained within the by-law be increased annually equivalent to the Consumer Price Index (CPI), unless a review indicates otherwise with actual values rounded to the nearest dollar as determined by the Director of Planning, Property and Development or the Director's delegate.

3. That the Planning, Development and Building Fees By-law come into effect three (3) months after the proposed by-law has been passed by Council.

4. That all fees and charges contained within the by-law be reviewed at least once every three (3) years.

5. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report - Standing Policy Committee on Property and Development - October 5, 2004

DECISION MAKING HISTORY:

Moved by Councillor De Smedt,
That the recommendation of the Standing Policy Committee on Property and Development be adopted.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 20, 2004, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On October 5, 2004, the Standing Policy Committee on Property and Development concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

On September 21, 2004, the Standing Policy Committee on Property and Development laid consideration of the matter over to the meeting of the Committee on October 5, 2004, in order to allow a Councillor Information Session to be scheduled.

RE: PROPOSED ADOPTION OF THE PLANNING, DEVELOPMENT, AND BUILDING FEES BY-LAW (PREVIOUSLY KNOWN AS THE DEVELOPMENT FEES BY-LAW NO. 6965/97)

For Submission To: **Standing Policy Committee on Property and Development**

Submitted By: Planning, Property and Development Department

Report Date: September 20, 2004

RECOMMENDATION(S):

1. That Council adopt the proposed Planning, Development and Building Fees By-law which incorporates a service index method of calculating fees.

2. That the planning, development and building fees and charges contained within this by-law be increased annually equivalent to the Consumer Price Index (CPI), unless a review indicates otherwise. Actual values are to be rounded to the nearest dollar as determined by the Director of Planning, Property and Development or the Director's delegate.

3. That the Planning, Development and Building Fees By-law come into effect three (3) months after the proposed By-law has been passed by Council.

4. That all fees and charges contained within this by-law be reviewed at least once every three (3) years.

5. That the proper officers of the City be authorized to do all things necessary to implement the foregoing.

REPORT SUMMARY

KEY ISSUES:

1. The City of Winnipeg has the lowest minimum permit fee value, for cities of comparable size, in Canada, that being $23.39. The average, minimum permit fee, for cities researched across Canada, has been calculated at $100.00.
2. Winnipeg presently has the second highest commercial building permit fee structure in Canada, at $7.12 per thousand dollars of declared value of construction. Only the City of Ottawa has a higher rate, that being $11.00 per thousand dollars of declared value of construction. Despite this fact, the fees collected in Winnipeg do not cover the cost for providing the services associated with ensuring compliance with applicable codes and by-laws.

3. The system of using declared value of construction to calculate fees, leads to an unfair and inequitable "*playing field"* resulting from inconsistency in customer's estimation of declared value of construction. Fees and charges for commercial buildings in the proposed by-law would be calculated using a service index methodology. A service index approach calculates fees and charges based on the type of construction and the size of the building.

4. Using the *rate of inflation as a means for increasing fees*, did not address the changing reality in the Department, from 1991 to 2002, concerning use resources and business process changes.

5. The new By-law proposes increases in fees for a number of approvals, as well as adding some new fees for services previously provided at no charge. An analysis, based on the actual 2002 building permit applications, indicates an overall 24% increase in revenue for the year using the proposed new fee structure.

6. In order to support the policy direction in the "Getting Down to Business" report adopted by Council on September 25, 2002, a proposal is being made that all fees and charges regulated and imposed under the Planning, Development and Fees By-law be reduced by a flat rate of 10% for applications in the area defined under the Downtown By-law.

The business philosophy underlying this approach is intended to achieve;

- Greater fairness and equity for all customers.
- Consistency in the application of fees.
- Fees applied in a manner more reflective of the range of services provided.

IMPLICATIONS OF THE RECOMMENDATIONS:

General Implications:

None
X For the organization overall and/or for other departments
X For the community and/or organizations external to the City of Winnipeg
Involves a multi-year contract
Comment(s):
This report proposes to establish a complete new method of calculating commercial building permit fees with the introduction of a new "service index" methodology designed to calculate fees based on the type of construction and size of building.

Policy Implications:

None
X Yes
Comment(s):

Development and Building Fees By-law be reviewed at least once every three (3) years.

- That the fees and charges increase automatically, annually, by the "rate of inflation", appropriately rounded as determined by the Director of Planning, Property and Development Department or the Director's delegate, unless a review indicates otherwise.

Environmental Implications:

X None
Yes
Comment(s):

Human Resources Implications:

X None
Yes
Comment(s):
There are no immediate human resource implications.

Financial Implications:

Within approved current and/or capital budget
X Current and/or capital budget adjustment required
Comment(s):

REASON FOR THE REPORT:

On December 16, 1998, Standing Policy Committee on Property and Development instructed the Planning, Property and Development Department to perform a comprehensive review of the Development Fees By-law within three (3) years or upon completion of the "*BUILD System*".

The recommendations in this report require the adoption of a new Fees By-law by Council.

HISTORY:

The Planning, Property and Development Department is responsible to review, approve and inspect development applications to ensure compliance with the Manitoba Building Code for the construction and occupancy of all buildings.

Since the late 1980's, the City of Winnipeg's approach to fees and charges has been a 50% ratio of revenues to costs.

Excerpt: Council Minutes – March 20th, 1991

"Therefore, the 50 % proportion of revenues to costs has remained relatively constant over the last decade."

A comprehensive review of the Fees By-law was conducted in 1991. This review resulted in Council increasing building and development fees by 6.5%, the accumulated rate of inflation for the years 1988, 1989 and 1990.

In 1995, only the building and trades fees were reviewed, resulting in an overall increase in the range of 1.5% to 15%. All other development, planning and service fees that were not directly related to building and trades were not increased.

A small-scale review in 1998 saw the 1997 rate of inflation (1.7%) used to adjust all fees contained in the Development Fees By-law, with the notable exception of Single-Family Residential New Home Permits. As a result, the last increase in permit fees for Single Family Residential New Home Permits was in 1995.

The recommendations from the review were submitted to Standing Policy Committee on Property and Development, who on December 16, 1998, instructed the Planning, Property and Development Department to perform a comprehensive review of the Development Fees By-law within three (3) years or upon completion of the "*Build System*".

The recommendations of Standing Policy Committee on Property and Development resulted in Council:

- Adopting the proposed text amendments;
- Agreeing that a further, comprehensive review be deferred until the "Build System" is fully operational; and
- Concurring with 1992 Council decisions to increase fees by *the rate of inflation.*

The BUILD System is an ongoing project, which incorporates the automation of Building Permits, Inspections and Land Development applications. The BUILD System is a foundation system that helps to incorporate automation in the delivery of service to the public. Therefore, the BUILD System will never be complete as it continues to be refined to help in streamlining business rules associated with service delivery. In the summer of 2000 it was felt that the BUILD System was stable enough that a comprehensive and meaningful review of the fees by-law could be reasonably undertaken.

In July, 2000, the Planning, Property and Development Department embarked on a comprehensive review of the existing fees by-law. The review involved:

- Consultation with industry stakeholders;
- Research into the methodologies and fee structures used in cities across Canada and the United States.

The following committees were established as part of the comprehensive review process:

- A departmental committee made up of supervisory staff from branches within the Department's Development and Inspections Division that provide "services" directly related to the fees by-law.

- A management committee comprised of managers from Planning, Property and Development's Planning and Land Use and Development and Inspections Divisions, as well as the Fire Paramedic Service and Environmental Health Services (of the Community Services Department).

The following professional and industry associations were consulted in order to provide input and direction concerning the review.

- The Manitoba Home Builders Association
- The Winnipeg Construction Association
- The Manitoba Urban Developers Association
- The Manitoba Renovators Contractors Association
- Consulting Engineers of Manitoba
- Association of Professional Engineers of Manitoba
- Mechanical Contractors Association of Manitoba
- The Manitoba Association of Architects
- The Manitoba Electrical League
- Canadian Sprinkler Association
- Manitoba Association of Sheet Metal and Air Handling Contractors Inc.
- National Research Council (National Building Codes)
- Manitoba Fire Commissioners Office (Permits & Inspections Department)
- Manitoba Hydro (Provincial Electrical Permits & Inspections)

DISCUSSION:

The recent review has identified a number of issues to be addressed

1. Winnipeg presently has the second highest commercial building permit fee structure in Canada, at $7.12 per thousand dollars of declared value of construction. Only the City of Ottawa has a higher rate, that being $11.00 per thousand dollars of declared value of construction. Despite this fact, the fees collected in Winnipeg do not cover the cost for providing the services associated with ensuring compliance with applicable codes and by-laws.

2. The system of using declared value of construction to calculate fees, leads to an unfair and inequitable "*playing field"* resulting from inconsistency in customer's estimation of declared value of construction.

3. The City of Winnipeg has the lowest minimum permit fee value, for cities of comparable size, in Canada, that being $23.39. The average, minimum permit fee, for cities researched across Canada, has been calculated at $100.00.

4. Using the *rate of inflation as a means for increasing fees*, did not address the changing reality in the Department, from 1991 -to- 2002, concerning:

    - centralized operations, (i.e. One Stop Shop)
    - new ways of doing business, (i.e. Generalist Housing Inspector Program)
    - new technologies and codes, (i.e. Items such as "environmental separation")
    - computerization, (i.e. Permit applications, inspection recording)
    - legal decisions and requirements, (i.e. Increase in litigation and interpretations)
    - expanding staff expertise, (i.e. Complexity of technologies, equipment)
    - training and resources, (i.e. Computerization, more info, more speed)
    - plus the wants and needs of general public sector and our clientele.

The comprehensive review focused on achieving an approach to fees and charges that would better meet the department's goals of:

- Greater fairness and equity for all customers.
- Consistency in the application of fees.
- Fees applied in a manner more reflective of the range of services provided.

As a result of the review the Planning, Property and Development Department is recommending that if there is a direct service provided to a citizen/customer, fees for such services should be applied in a fair and equitable manner. This requires that the Department:

1. *Redefine the business strategy and methods used to calculate fees for commercial buildings by moving to a service index methodology; and*

2. *Adjust specific fee rates and add several new ones to better reflect the cost of providing services.*

Service Index Methodology:

Research conducted in cities across Canada and the United States indicates the increasing use of a "Service Index" method to calculate fees for services provided.

The "Service Index" method (see Schedule "B" Service Index Details for a detailed explanation) provides greater equality, simplicity and consistency concerning the application of fees for both private and public sectors.

The inconsistencies with the declared value of construction can be alleviated with the adoption of a "service index" method of calculating commercial building fees. Under this model, the fee charged is based on three factors:

- the type of building being constructed (based on a National Building Code classification);

- the size of the building; and

- whether the construction will leave the building finished or merely a shell.

The proposed "Service Index" method is not new to the City of Winnipeg. In fact, for many years the City's New Single Family Dwelling Residential building permit fees have been based on a " Service Index" virtually identical to that being proposed for commercial construction.

Fee Rates:

In addition, in order to ensure that fees for direct services provided to citizens and customers are fair and equitable, the new By-law significantly increases fees for a number of approvals, as well as adding some new fees for services previously provided at no charge. An analysis, based on the actual 2002 building permit applications, indicates an overall 24% increase in revenue for the year using the proposed new fee structure.

The comprehensive review of the existing Development Fees By-law resulted in a number of fee adjustments along with a change in the name of the by-law to better reflect its scope. The review also resulted in proposing a discount for Downtown development. The

Business" report adopted by Council on September 25, 2002, a proposal is being made that all fees and charges regulated and imposed under the Planning, Development and Fees By-law be reduced by a flat rate of 10% for applications in the area defined under the Downtown By-law. The following is a list of some of the most significant fee changes:

Increased fees	-	*Subdivision fees*
	-	*Filing fees*
	-	*Variance Application fees*
	-	*Conditional Use fees*
	-	*Building Occupancy Permits*
	-	Minimum Building and Inspection fee
	-	General increase in fees *"Commercial Plumbing Permits"*
	-	General increase in fees *"Commercial Electrical Permits"*
	-	Increase in *"Fire Prevention Examination"* fees (administered by this department)
	-	Contractor license fees
	-	Increase in *"Residential Demolition Permit"* fees
	-	Minimal increase in *"Residential Plumbing Permit"* fees
	-	Minimal increase in *"Residential Electrical Permit"* fees
Changed fees	-	*Street Name Changes*
	-	definition and fees for *Hourly Wage*
	-	New Building Permit fee calculation method
	-	New Commercial Demolition Permit fee calculation method
	-	New Plan Review service fees
New fees	-	*Building Occupancy Permits*
	-	New Three Year Contractor licenses and fees
	-	New Permit Type "*Multi-trade Residential New Home Permit*"
	-	New reduced electrical permit fees for *"Outdoor Installations"*
	-	New *"Maximum Number of Inspections"* fees
	-	New fee structure for "*Work Without Permits*"
	-	New Commercial Building permit refunds
No increase	-	New Home Building Permit fees
Discount	-	Downtown Applications (10% Discount on Total Fees)

Explanations and details are provided concerning the above twenty-three (23) items in **Schedule "A" Fee Changes**. Further details regarding the magnitude of the fee changes are detailed in Schedules "B" and "C".

Financial Impact Statement

Date: August 23, 2004

Project Name:
Planning, Development, Building Fees By-law

First Year of Program 2004

	2004	2005	2006	2007	2008
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
External	-	-	-	-	-
Grants (Identify)	-	-	-	-	-
Reserves, Equity, Surplus, Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ 250,000	$ 250,000	$ 250,000	$ 250,000
Less: Incremental Revenue/Recovery	-	750,000	750,000	750,000	750,000
Net Cost/(Benefit)	$ -	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)

Additional Comments:
The estimated net revenues to accrue to the City are based upon anticipated transaction volumes and the proposed new fees. To the extent that future economic conditions affecting the construction industry vary from those used in this analysis, the net cost/benefit of the proposed fees by-law may be materially different.

"Original signed by"
Mike McGinn, Manager
Finance Division

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

Legal Services Division
Fire and Paramedic Services
Health Services

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Division: Development and Inspections
Prepared by: Deepak Joshi, Manager of Development and Inspections

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ATTACHMENTS:

Schedule "A" - Fee Changes
Schedule "B" - Service Index Calculation Methods and Details
Schedule "C" - Fee Comparisons

SCHEDULE "A"
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FEE CHANGES - PLANNING, DEVELOPMENT & BUILDING FEES BY-LAW

WORDING CHANGE – The existing Development Fees By-law has been reworded to more accurately reflect the three main areas where service and permit fees are administered.

FEE CHANGE 1 – Increased Subdivision Fees & Filing Fees
The increases in fees reflects the level of service provided by several Branches of the Planning, Property and Development Department and other Departments in relation to processing times associated with these complex applications. In general some fees have been increased to better reflect the cost of service delivery while some have been decreased using the same analysis.

FEE CHANGE 2 – Increased Variance Applications Fees & Conditional Use Fees
The increase in fees reflects the level of service in relation to processing times associated with these applications.

Additionally, the proposed development application fees for variances and conditional uses have been adjusted to be consistent with similar fees assessed in other Municipalities in the Province of Manitoba.

It is anticipated that the increases in fees would encourage adherence with the zoning by-laws adopted by Council. These application fees may be a deterrent to frivolous applications that burden the public hearing process and would encourage compliance with zoning by-laws.

FEE CHANGE 3 - Changes to Fees for Street Name Changes
The application fee for a street name change has been decreased by $227.75 to reflect the reduction in administrative requirements to process a street name change due to ongoing process improvements.

A new fee for approval of private street name of $205.00 has been added to reflect the administrative requirements to process an approval for naming a private street. In the past this service has been provided at no charge. The comprehensive review showed that this service should have an appropriate fee associated with it.

FEE CHANGE 4 - Changes to Definition and Fees for Hourly Wage
Information requests and records searches have substantially changed in the last six years, as to type of requests and quantity of information that is being requested. This has resulted in the need for more technical expertise to process these requests. As well, information requests related to the Freedom of Information and Privacy and Protection Act, may necessitate the involvement of a supervisor to evaluate and determine if information can be provided.

A new definition is being proposed for “hourly wage” to recover costs associated with programming time to generate documents, information and reports. This new fee structure is

intended to address the ongoing requirements of providing digital information requested by customers.

The proposal also recommends removing the wording "minimum wages of a Clerk A" to "hourly wage of a Clerk A" for the "Transcribing A Public Meeting" section.

FEE CHANGE 5 - New and Increased fees for Building Occupancy Permits
The comprehensive review showed an increase in the number and frequency of Interim Occupancy Permits being requested by applicants. These requests result in needing additional time from inspectors, plan examiners, enforcement and clerical staff to process them. The status of the building has to be reviewed each and every time prior to issuance of an interim permit for occupancy to ensure that life, fire, safety and health issues are still maintained and present. All Interim Occupancy Permits require that each inspection discipline, building, electrical, plumbing/mechanical conduct an inspection to ensure compliance. As well, there are numerous occasions when occupancy is requested, inspectors attend and the premises are locked, requiring the inspectors to return. The fee for Occupancy Permits has been adjusted to recover the costs associated with Interim Occupancy Permits and the associated inspections.

A new fee for Occupant Load Placard Review Permit has been added to recover a portion of the costs incurred to provide plan examination review. The Occupancy Load Placard Review Permit is usually the result of an order by other departments (Environmental Health, Fire Prevention), or by other government branches (Manitoba Liquor Control Commission). This review requires re-calculating building floor areas, handicap requirements, numbers of required exits, exit widths, barrier-free facilities, fire protection, ventilation, etc. As well, these requests will involve the re-evaluation of the building area and intended uses concerning by-law changes (i.e. the Smoking By-law). Some of these applications may require the involvement of not only technical staff but also engineers and management.

FEE CHANGE 6 - Minimum Building and Inspection Fee increased
The existing minimum permit fee of $23.39, does not come close to recovering even a portion of the costs for providing the services. This becomes evident when comparing the existing minimum fees from other city departments, provincial counter-parts and Canadian cities. The proposed increase to $60.00 will still be one of the lowest minimum permit fees, for all jurisdictions researched.

Minimum Permit Fees - Comparisons

Canadian Cities	Permits	Amount
Toronto	Permits (All)	$ 84.00
	Sign Permits	$175.00
Edmonton	Residential Permits	$ 70.00
	Commercial Permits	$125.00
Hamilton	Permits (All)	$100.00

Calgary	New Construction Permits ($35.00 plus $35.00 administration fee)	$ 70.00
	New House Permits ($46.00 plus $35.00 administration fee)	$ 81.00
	Demolition Permits ($34.00 plus $35.00 administration fee)	$ 69.00
	Major Commercial Renovations Permits ($66.00 plus $35.00 administration fee)	$101.00
Vancouver	Permits	$ 83.00
Regina	Permits (All)	$100.00
Saskatoon	Residential Permits	$ 75.00
	Commercial Permits	$135.00
London	Permits (All)	$ 75.00
City of Winnipeg License Branch	Permits	$ 65.00
Province of Manitoba Fire Commissioner's Office (provincial counterpart)	Permits	$ 60.00
Manitoba Hydro	Electrical Permits only	$ 50.00

FEE CHANGE 7 - New Building Permit fee calculation method

The comprehensive review focused on achieving an approach to fees and charges that would better meet the department's goals of:

- Greater fairness and equity for all customers.
- Consistency in the application of fees.
- Fees applied in a manner more reflective of the range of services provided.

As a result of the review the Planning, Property and Development Department is recommending that if there is a direct service provided to a citizen/customer, fees for such services should be applied in a fair and equitable manner. This requires that the Department redefine the business strategy and methods the department uses to calculate fees for commercial buildings by moving to a service index methodology.

Service Index Methodology:

Research conducted in cities across Canada and the United States indicates the increasing use of a "Service Index" method to calculate fees for services provided.

The "Service Index" method (see Schedule "B" Service Index Details for a detailed explanation) provides greater equality, simplicity and consistency concerning the application of fees for both private and public sectors.

Value of construction problems can be alleviated with the adoption of a "service index" method of calculating commercial building fees. Under this model, the fee charged is based on three factors:

- the type of building being constructed (based on a National Building Code classification;
- the size of the building; and
- whether the construction will leave the building finished or merely a shell.

The proposed "Service Index" method is not new to the City of Winnipeg. In fact, for many years the City's New Single Family Dwelling Residential building permit fees have been based on a " Service Index" virtually identical to that being proposed for commercial construction.

FEE CHANGE 8 - New Demolition Permit Fee Calculation Method
The Commercial Demolition Section has been revised to accurately reflect the costs associated with providing the degree and level of service that is needed in regards to life safety, fire and health associated with Demolition Permits. The comprehensive review showed that the existing fee structure does not recover costs associated with this activity.

Example: To demolish an 8 storey, 680,000 sq.ft. (63172 m^2) department store having a Declared Value of $1,750,000.00

Existing Method

First storey	$ 101.70
Each additional storey $50.85 x 7 (stories)	$ 355.95
Total Demolition Permit Fee:	$ 457.65

Proposed Method

For every m^2 of area to be demolished x $0.22	
63172 m^2 x $0.22 =	$ 13,897.84

Comparisons

Edmonton: $6.60 for every $1,000.00 of declared value
1750 x $6.60 = $ 11,550.00

Hamilton: For every m^2 of area to be demolished x $0.22
63172 m^2 x $0.23 = $14,529.56

FEE CHANGE 9 - General Increases in Fees "Commercial Plumbing Permits"
The department has attempted to keep the general increase of these fees to a minimum. The increases reflect the increase in costs of providing the service since the last increase in 1998. The comprehensive review also resulted in a number of decreased fees where process improvements have resulted in reducing the cost of providing the service. The largest increase in

to recover costs for inspections when no outlets and/or fixtures have been installed but a site inspection is required (e.g. water testing a section of drainage system). Another new administrative fee has been introduced for notifying applicants when required code information has not been submitted. The applicant is responsible to submit a detailed specific copy of the type(s), numbers and locations of all plumbing equipment in conjunction with permit application. Should the permit applicant fail to submit the required information and have to be notified in writing requesting submission, there will be an administrative fee.

FEE CHANGE 10 - General increases in fees "Commercial Electrical Permits"
The department has attempted to keep the general increase of these fees to a minimum. The increases reflect the increase in costs of providing the service since the last increase in 1998. The largest increase in this section is in the minimum permit fee from $23.39 to $60.00. The increase in the "Minimum Permit Fee" will have a significant impact on what appears to be a substantial percentage increase in electrical permit fees.

This is due to two (2) major factors:

1. That many of the electrical permits obtained have a current permit value of between $23.39 to $40.00; and
2. That the majority of licensed electrical contractors obtain permits for the work they conduct.

In discussions with the Manitoba Electrical League there has been no negative feedback on this proposal.

A new administrative fee has been introduced for notifying applicants when required code information has not been submitted. The applicant is responsible to submit a detailed specific copy of the type(s), numbers and locations of all plumbing equipment in conjunction with permit application. Should the permit applicant fail to submit the required information and have to be notified in writing requesting submission, there will be an administrative fee.

FEE CHANGE 11 - Increase in Fees for "Fire Paramedic Services Plan Review"
Over the past six (6) years Fire Paramedic Service (formerly the Fire Prevention Branch) has had to expand the staffing, resources and services connected to the plan review process and the subsequent working relationship between plan review acceptance and the fire station firefighters and companies that have direct impact from the plan reviews.

The complexity and volume of permit applications has mandated that Fire Paramedic Services has had to:

Train and relocate one (1) Fire Paramedic Officer to full time duties as a Fire Service Plan Examiner located in the Property, Planning and Development Department, Plan Examination Branch;

Train and provide two (2) Fire Paramedic Officers to provide back-up duties and capabilities for

Share in the costs associated with providing tools, training, maintenance and facilities for the fire plan examiner;

When the complexity and/or size of fire, health, life safety systems are of a substantial nature the Fire Service Plan Examiner provides "on-the-job" code interpretations, building construction details, specifications and explanations to the district fire chief(s).

E.g. *Health Science Centre Oncology – numerous life safety systems and components require the Fire Services plan examiner to attend with the district chiefs and Property, Planning and Development inspectors for verification, explanation and inspection of these systems.*

The Fire Services plan examiner provides necessary details in evacuation, access and fire fighting capabilities for the district fire chiefs.

The increase in fees and the introduction of an "inspection fee" is to recover a portion of the costs associated with the increase in the duties and services provided by the Fire Paramedic Services concerning plan review fees and site inspections.

FEE CHANGE 12 – New Plan Review Service Fees
This will provide a means of recovering some of the costs associated for services presently provided by the department where no fees structure exists.

Excessive hours are often spent re-examining plans, details and specifications, due to applicants submitting applications too far in advance of their finished product. There are applicants that knowingly submit plans, details, etc. that are deficient, merely to "get started" and/or as a quick means of using city staff to check building code applications rather than using their own expertise and/or staff. Also, by submission/application, the applicant's customer(s) believe that their project is complete and waiting for 'permits' and any 'hold-ups' are the result of "THE CITY". Often Plan Examination has to create deficiency lists, contact applicant and/or design professional for further information, plans, details, etc.

When plan review is interrupted by insufficient information, wrong information, etc., it necessitates a (start over) re-examination of work previously reviewed and creates time and workflow delays within the system. This has a negative impact on applicants that submit complete, accurate plans and are sometimes *penalized* by having to wait for this re-examination.

The proposal establishes a maximum number of plan reviews, dependent on the type of construction.

<u>Plan Review</u>

If a plan examination review has to be stopped/suspended, by one or more of the Plan Examination disciplines (e.g. Fire Protection Plan Examination Review); and written notification has been sent to the applicant, engineer, architect and/or the owner due to lack of detail(s), specification(s), plan(s), shop drawing(s), in compliance with applicable code(s) reference standard(s) and/or other required information deemed necessary for completion of the Plan Review process and subsequently the Permit issuance, this would then be counted as "a review".

FEE CHANGE 13 – Increase Contractor License Fees
The department has attempted to keep the general increase of these fees to a minimum. The increases reflect the increase in costs of providing the service since the last increase in 1998.

FEE CHANGE 14 – New Three Year Contractor License and Fee
At present contractor licenses are issued and renewed on a yearly basis. The comprehensive review resulted in recommending the introduction of a three (3) year license fee. The fee is being proposed at a reduced rate as it would also reduce the service / administration costs to the City. The reduced rate is also an incentive for contractors to obtain the three (3) year license, which is now commonly used by other jurisdictions.

Example: Province of Manitoba – Gas Fitters License – 4 years @ $ 400.00

FEE CHANGE 15 – No Increase in New Home Building and/or Plumbing/Mechanical Permit Fees
Through system efficiencies, such as the Generalist Inspector program, new home residential permit costs continue to be recovered. The generalist inspection program has reduced staffing, and resource requirements as one (1) generalist inspector now performs the inspections and duties formally conducted by three (3) distinct inspection groups. The three (3) inspection groups being, building, electrical and plumbing/mechanical. The City of Winnipeg is one of the very few major cities in North America to have implemented this type of program to provide service to our customers while reducing costs to both the private and public sectors.

The City of Winnipeg continues to have one of the lowest residential building permit fees for the major Canadian cities that were researched.

The only additional costs for a single family dwelling that is proposed is in regards to the electrical permit fees for new single-family dwellings. The increase of $25.38 for each new single-family dwelling is a consolidation of three existing electrical fees and is harmonized with the existing plumbing/mechanical fees.

Proposed New Home Building Permit Fees

Permit	Existing	Proposed
Single Family New Home Building Permit	$450.34	$450.34 (no change)
Single Family New Home Plumbing Permit	$122.00	$122.00 (no change)
Single Family New Home Electrical Permit 200 amp – 400 amp 401 amp and over	$96.62 (typical fee for the average home for service that is not over 200 amps) $122.04 $147.47	$122.00

New Home Building Permit Fee Comparisons:

To construct a new, 1222 square foot, (total of 1222 sq. ft of finished space and 1650 sq. ft. unfinished space) single family dwelling with attached garage, cost of $100,000.00

Canadian City	**Amount**	
Calgary	$800.00	Factor is based on a declared value for every $1000.00 of value x $8.00
Edmonton	$850.92	Chart with size of home and fee to be charged
Hamilton	$974.97	Service index of $8.59 for every sq.m.
Winnipeg	$450.34	$0.22 for every sq.ft. of finished space and $0.11 for every square foot of unfinished space

FEE CHANGE 16 – Increase in Residential Demolition Permit Fees
The increased fee for demolition of a single family dwellings reflects part of the proposed increased minimum permit fee and a portion of the costs associated with the services required and provided.

Existing fee to demolish a single family dwelling is $48.82 and the proposed increase in fees is for $100.00.

This fee would also reflect on the demands and processes created under the new "Vacant and Derelict Buildings By-law".

FEE CHANGE 17 – New Permit Type Multi-Trade Residential New Home Permit
A new type of permit is being recommended to allow the home building industry to apply for a single permit to construct, install the electrical and plumbing for a new home. One application would be made, thereby reducing the amount of paperwork, time and resources of both the applicant and the City. This proposal would provide the inspector with one applicant rather than three separate contractors, in the coordination of inspections and correction of deficiencies.

The fee structure for this new type of permit will be the same as the fees if permits were obtained separately. The only increase would be as previously identified regarding the electrical permit fee harmonization.

This issue has been raised with the Manitoba Home Builders Association and it was felt that this was a valid and effective means of improving service to both sectors.

FEE CHANGE 18 – Minimal Increase in Fees for Residential Plumbing Permits
The department has attempted to keep the general increase of these fees to a minimum. The increases reflect the increase in costs of providing the service since the last increase in 1998. The largest increase in this section is in the minimum permit fee from $23.39 to $60.00. The increase in the minimum permit fee will have the most impact on these fees.

FEE CHANGE 19 – Minimal Increase in Fees for Residential Electrical Permits
Under SECTION 21: RESIDENTIAL ELECTRICAL PERMIT FEES

The department has attempted to keep the general increase of these fees to a minimum. The increases reflect the increase in costs of providing the service since the last increase in 1998. The largest increase in this section is in the minimum permit fee from $23.39 to $60.00. The increase in the minimum permit fee will have the most impact on these fees.

The fee for a new single-family dwelling is a consolidation of three (3) existing, separate fees ranging from $96.62 to $147.47. The new permit fee of $122.00 brings it into line with permit fees for Plumbing/Mechanical fees and accurately reflects the degree and level of services provided.

FEE CHANGE 20 – New Reduced Electrical Permit Fees for Residential Outdoor Installations
The factors governing the proposed reduction of permit fees for these types of installations are:

- These inspections are seasonal, usually late spring to fall time,
- These permits do not require contractors to call for onsite inspections upon start and/or completion of installation,
- Inspectors can usually inspect during their regular inspection hours and usually do not require that the contractor and/or owner be present at time of inspection.
- It is hoped that this not only will provide the inspector the opportunity to make the best use of their inspection time but also encourage persons to obtain permits for these types of installations.

FEE CHANGE 21 – New Maximum Number of Inspections Fees

This is being proposed as a means to ensure there is a mechanism to recover inspection costs for excessive construction/demolition delays and amount of defects.

Applicants will be given written notification that as of a specific date additional inspection fees will be charged until completion of the project and/or installation.

FEE CHANGE 22 – New Fee Structure Fee for Work Without Permits

The comprehensive review has resulted in recommending a change from the existing double permit fee for work without a permit to a minimum and maximum fees.

Increased Fee: **Minimum** fee to $ **150.00**

The rationale for the minimum increase is that the double of a minimum fee of $60.00 would not be a deterrent to working without a permit and it would not reflect the costs associated.

Rationale for reduction in maximum is that it has been difficult to enforce administrative fees that could be in the hundreds of thousands of dollars for large projects.

FEE CHANGE 23 – New Commercial Building Permit Refunds Systems
The criteria and fees associated with permit refunds have been adjusted to represent a more fair and equitable method. The new proposal ensures that a portion of administrative and service costs are recovered.

The new system is based on a percentage and amount of work that has transpired up to cancellation. As well, additional charges are provided for onsite inspections that may have occurred and/or may be required (see below).

(a) If the application is cancelled prior to any review of the application (including but not limited to Zoning, Plan Examination, Waterways, Downtown Design Board, Fire, Health, Historic Buildings review):

(i) Refundable fee - 75% of Building Plan Deposit Fee (if review is fully or partially complete):

(b) If cancelled but reviews have been completed and permit is ready to be issued:

(i) Refundable fee - 0 % of Building Plan Deposit Fee, plus

(c) If cancelled and permit has been issued:

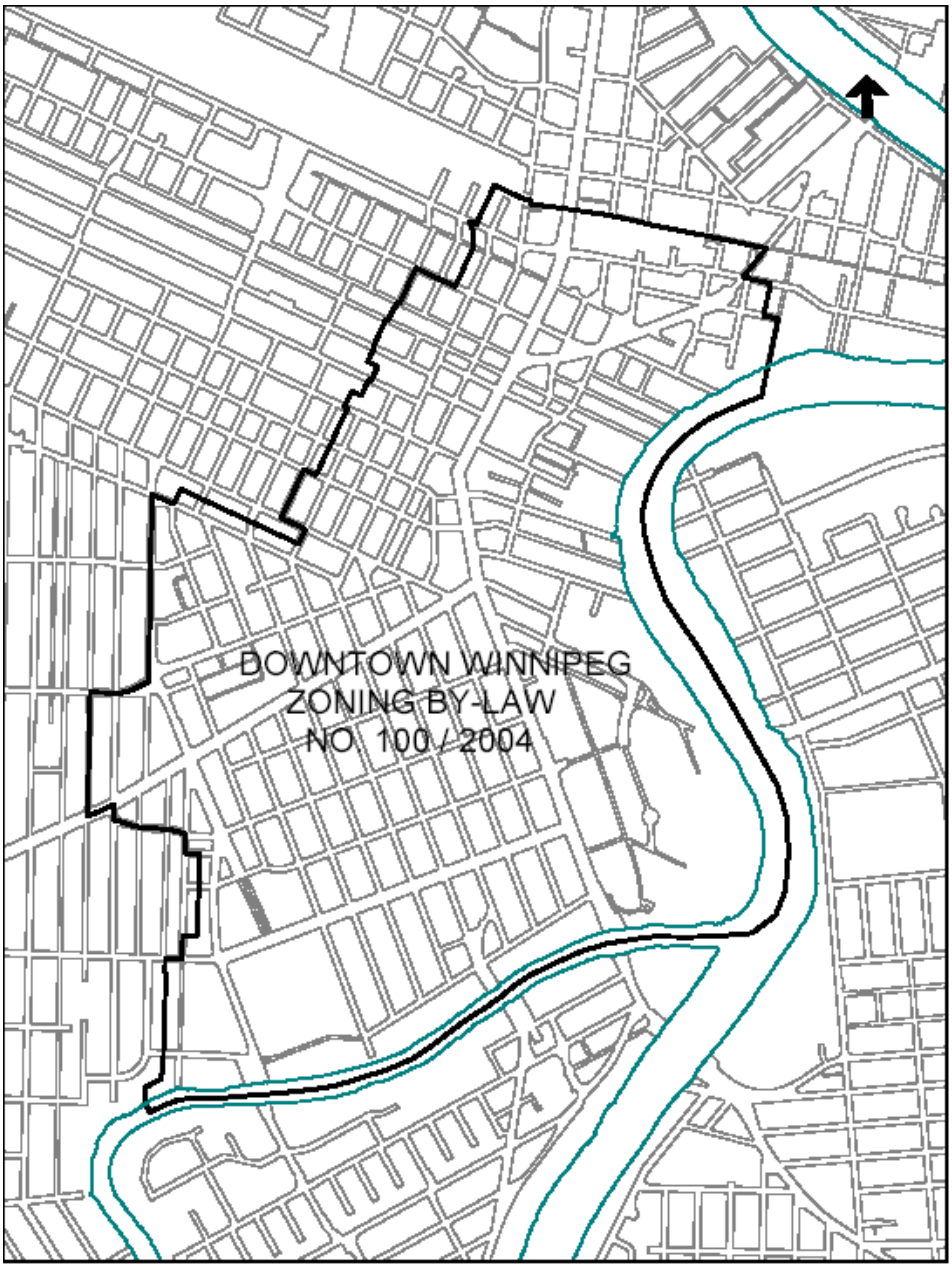
(i) Refundable fee - 40 % of Building Permit Fee, plus, for articles 24.2 (a), (b), (c) and/or (d);

Administration fee of: $ 60.00 (for a, b and c above)

For each field inspection conducted up to cancellation date and/or last required inspection conducted:

Total number of inspections x $60.00 = $_____

FEE CHANGE 24 – Downtown Applications (10% Discount on Total Fees)
In order to support the policy direction in the "Getting Down to Business" report adopted by Council on September 25, 2002, a proposal is being made that all fees and charges regulated and imposed under the Planning, Development and Fees By-law be reduced by a flat rate of 10% for applications in the area defined under the Downtown By-law.


DOWNTOWN WINNIPEG
ZONING BY-LAW
NO. 100 / 2004

SCHEDULE "B"

Service Index Methodology for the Calculation of Fees and Charges

Existing calculation method: DECLARED VALUE

The existing commercial building permit fees are calculated based on the declared value of a project. Declared value is defined as the total construction value of a project, excluding the cost of property. Total construction value includes everything that goes into a building, including permanent equipment, contractor overhead and profits.

The inclusion of permanent equipment in a declared value can lead to significant variation in the calculation of fees and charges. For example, the declared value of a health care facility with expensive medical diagnostic equipment would have a significantly higher declared value than that of a similar building without such equipment

Planning, Property & Development's (PP&D) review indicates that the current practice of permit applicants providing the declared value of a project for the calculation of fees and charges has resulted in the application of widely divergent fees and charges to what would appear to be very similar projects. This variation is the result of inconsistency in the declared value of the projects as provided by the applicants.

A comparison of applications from two automobile retailers, with projects of exactly the same size and complexity, using the declared value methodology reveals:

Store # 1 - declared value of $ 4,550,000.00 - building permit fee	**$ 32,412.27**
Store # 2 - declared value of $ 2,700,000.00 - building permit fee	**$ 19,240.27**
Building permit fee difference of:	**$ 13,172.00**

This divergence in declared values may be exacerbated by the fact that it can be financially advantageous to an applicant to underestimate the value of construction. Assuming that the declared value of store #1 is more accurate, the applicant for store #2 saved over $13,000, the result is a loss to the City of hundreds to thousands of dollars in uncollected permit fees.

Further to this, the declared value methodology does not accurately reflect the time, expense and effort expended by the City in providing development approval, plan examination, building inspection and all of the other services associated with approval of a building permit application.

PROPOSED CALCULATION METHOD: SERVICE INDEX

PP&D's review indicates that this variation in fees and charges resulting from inconsistent

calculation of commercial building permit fees and charges. Under a Service Index methodology, fees based on three factors:

- the type of building to be constructed (based on a National Building Code classification);
- the size of the building; and
- the amount of finished and unfinished space.

The Service Index Model uses a simple calculation, in which a Service Index dollar factor, based on the type of building to be constructed, is applied to the total area of the building. For example, a finished commercial building designed for business and personal services is assigned a service index factor of $7.00. When applied to a total area of 6000 m^2, the result is a building permit fee of $42,000.

When applied to the example of the two identical automobile retailers, the Service Index methodology would yield a fee of $35,225 for each building. This represents a fee increase of 8.7% for Store #1 and 83.1% for Store #2.

The proposed Service Index methodology is not new to the City of Winnipeg. For many years the City's new single family dwelling building permit fees have been calculated using a service index virtually identical to what is being proposed for commercial construction.

Subsequently, the Integrated Planning Model report, approved by City Council in July of 2002, recommended replacement of the Declared value system for the calculation of fees for commercial building permits. The proposed Service Index methodology in this report is intended to implement that recommendation.

The cities of Toronto and Hamilton are presently using a Service Index methodology for commercial building permit fees.

Comparison of Declared Value and Service Index methods

Adoption of a Service Index methodology has two key benefits for the City of Winnipeg. These are:

1. Greater equity and consistency in the calculation of commercial building permit fees, as evidenced by similar fees being charged for building projects constructed with similar dimensions and for similar purposes.

2. Fees that more accurately reflect the cost of providing the range of services associated with reviewing and approving a commercial building permit application.

SCHEDULE "C"

FEE COMPARISONS

Minimum Permit Fees....2
New Construction Commercial Building Permit Rate....3
New Home Building Permit Fees....4
Residential – Demolition Permit Fees....5
Commercial – Demolition Permit Fees....6

Minimum Permit Fees - Comparisons of Canadian Cities

TORONTO	Permits (all)		$ 84.00
	Sign Permits		$ 175.00
EDMONTON	Residential "Demolition" Permits		$ 45.00
	Residential Permits		$ 70.00
	Commercial Permits		$ 125.00
HAMILTON	Permits (all)		$ 100.00
CALGARY	New Construction Permits $35.00 plus $35.00 administration fee)		$ 70.00
	New House Permits ($46.00 plus $35.00 administration fee)		$ 81.00
	Demolition Permits ($34.00 plus $35.00 administration fee)		$ 69.00
	Major Commercial Renovations Permits ($66.00 plus $35.00 administration fee)		$ 101.00
VANCOUVER	Permits		$ 83.00
REGINA	Permits (all)		$ 100.00
SASKATOON	Residential Permits		$ 75.00
	Commercial Permits		$ 135.00
LONDON (Ontario)	Permits (all)		$ 75.00
WINNIPEG	Permits (all):	Existing:	$ 23.39
		Proposed:	$ 60.00

Note: $60.00 would still be one of the lowest minimum permit fees for a major Canadian city.

New Construction Commercial Building Permit Rate Comparison
Canadian Cities currently using "Declared Value" Calculation Method

(**Based on a $1,000,000.00 Declared Value**)

City	Calculation method using "Declared Value"		Building Permit Fee
	Rate	Declared Value	
Vancouver	$ 85.00 for 1st	$ 0.01 to $ 5,000.00	**$ 4037.00**
	$ 7.60 per $1000.00	$ 5,000.01 to $50,000.00	
	$ 3.80 per $1000.00	$50,000.01 and up	
Saskatoon	$ 5.75 per $1000.00	$0.01 to $50,000.00	**$ 4682.50**
	$ 4.50 per $1000.00	$50,000.01 and up	
Regina	$ 5.00 per $1000.00		**$ 5000.00**
Calgary	$ 35.00 administration fee		**$ 6035.00**
	$ 6.00 per $1000.00		
Edmonton	$ 6.65 per $1000.00		**$ 6650.00**
Winnipeg	$ 23.39 for 1st $1000.00		**$ 7136.27**
	$ 7.12 per $1000.00		
Ottawa	$ 11.00 per $1000.00		**$ 11000.00**

New Home Building Permit Fees Comparison
Residential one and two family dwellings

(Based on construction of a new, (1222 sq. ft.) 113.5 m^2, single family dwelling with attached garage, cost of $100,000.00)

City	Residential Building Permit Fee	Calculation method
Calgary	$800.00	Factor is based on a Declared Value – for every $1000.00 of value x $8.00
Edmonton	$850.92	Chart on size of home as to the fee charged
Hamilton	$974.97	Service Index of $8.59 per square meter
Winnipeg	$413.23	$0.22 sq ft finished and/or $0.11 unfinished space

Residential - Demolition Permit Fees Comparison

(Based on demolition of a (1600 sq. ft.) 148.6 m^2 single family dwelling with a declared value of $10,000.00 for demolition costs)

City	Residential Demolition Permit Fee	Calculation method
Edmonton	$ 70.00 ** ($66.00)	Declared Value of Demolition - $6.60 per $1000.00; ** Minimum fee of $70.00
Hamilton	$200.00	Service Index of $0.23 per square meter – minimum of $200.00
Winnipeg	$ 48.82 ** $100.00	** Current – existing fee Proposed fee

Commercial - Demolition Permit Fees Comparison

Example: # 1

To demolish a (10,000 sq. ft.) 929 m^2 single story commercial building having a "declared value" of $20,000.00 for demolition costs.

City	Commercial Demolition Permit Fee	Calculation method
Edmonton	$132.00	Declared Value of Demolition - $6.60 per $1000.00; ** Minimum fee of $100.00
Hamilton	$213.67	Service Index of $0.23 per square meter – minimum of $75.00
Winnipeg	$ 101.70 ** $ 185.80	** Current – existing fee Proposed fee – Service Index of $0.20 per square meter (minimum of $60.00)

Example: #2

To demolish an eight (8) storey, (680,000 sq. ft.) 63172 m^2 commercial retail department store having a declared value of $1,750,000.00 for demolition costs.

City	Calculation method	Commercial Demolition Permit Fee
Edmonton	Declared Value of Demolition - $6.60 per $1000.00; Minimum fee of $100.00 $6.60 x $1750 (thousands)	$11,550.00
Hamilton	Service Index of $0.23 per square meter – minimum of $75.00 63172 m^2 x $0.23	$14,529.56
Winnipeg	Existing fee structure First (1st) storey = $101.70 Each additional storey - $50.85 = 7 x $50.85 = $355.95 Proposed fee – Service Index of $0.20 per square meter (minimum of $60.00) 63172 m^2 x $0.22	$457.65 $13897.84